DC Energy, Comments Contingency Modeling Enhancements

Submitted by	Company	Date Submitted
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DC Energy appreciates the opportunity to provide comments on the California Independent System Operator (CAISO), November 20, 2015 Contingency Modeling Enhancements (CME) Third Revised Straw Proposal. We appreciate the CAISO's efforts to improve congestion price signals and reduce the operational use of exceptional dispatch and minimum online commitment (MOC) constraints. Our comments address the need to extend the CME stakeholder timeline, provide market transparency, and expand the application of the preventive corrective constraint.

The consideration of any new CME implementation options should be supported with adequate documentation and review time

DC Energy participated in the December 10th CME meeting where several new implementation options were voiced from numerous parties, including the potential for separate auctions for CRRs and Contingency CRRs. We believe this is an outcome of stakeholders becoming familiar with the new aspects of the ISO's proposal and is a beneficial outcome of the process. That being said, we are concerned that the current schedule does not provide adequate time for full vetting of the implementation options prior to the ISO's final draft proposal. Accordingly, we request an extended review period accompanied with an additional comment round to consider potential enhancements to the ISO's current proposal. The proposals need to be backed with written details and examples (where necessary) similar to those outlined in the third revised straw proposal. This would ensure stakeholders have sufficient time understand and consider any newly proposed refinements prior to the final draft proposal.

DC Energy believes the prototype testing should be robust and transparent to market participants

In the third revised straw proposal it was noted the CAISO would share the results of CME prototype. We request that CAISO perform robust testing of the prototype implementation, which includes at least a full year of historical simulated market results, i.e. binding constraint detail,, LMPs, and constraint shadow prices; and estimated avoided uplift prior to the release of the final draft proposal. We recognize this would elongate the current stakeholder timeline; however, we believe that an undertaking to introduce new optimization features on major transmission corridors (i.e. those impacting System Operating Limits) necessitates a robust testing and review period for numerous reasons:

(a) It provides market participants the opportunity to understand the preventive corrective constraint in the context of market settlement and its potential impact to market investment.
(b) Provides time to identify and address any issues prior design approval. This would ensure the design of the CME is aligned with its policy intentions and help mitigate against post-implementation market disruptions, e.g. price corrections; inefficient market results and related administrative "patches"; and the market uncertainty that comes with successive fixes.
(c) Provides more transparency into the potential benefits of the revised CME proposal

In addition to the above, market transparency should be given the upmost attention in the implementation of CME. This means the same level of constraint detail and LMP transparency—as we have today—should be retained through CME implementation.

Lastly, we would like to reiterate our request that the CAISO as soon as possible provide a full list of the constraints with their definitions that would subject to the preventive corrective constraint.

DC Energy believes the CME proposal should be expanded to address broader set of out-of-market actions

DC Energy understands the current CME proposal would not apply to all minimum online commitment constraints. Specifically, the ISO noted at the December 10th meeting that the proposal would apply only to flow-based MOCs and not to those used to address voltage limits. We believe the ISO should make every effort to expand the application of the preventive corrective constraint to all MOCs so that its benefits can be applied to an extended set of out-of-market actions.